

PLEASANTVILLE COMMUNITY SCHOOL DISTRICT
PLEASANTVILLE, IOWA

INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS

JUNE 30, 2007

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PLEASANTVILLE COMMUNITY SCHOOL DISTRICT

OFFICIALS

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<u>Board of Education</u>		
(Before September 2006 Election)		
Jeffrey Beier	President	2006
Thomas Adreon	Vice President	2007
Mark Thompson	Board Member	2007
Troy Padellford	Board Member	2008
Roger Schletzbaum	Board Member	2008
<u>Board of Education</u>		
(After September 2006 Election)		
Jeffrey Beier	President	2009
Thomas Adreon	Vice President	2007
Mark Thompson	Board Member	2007
Troy Padellford	Board Member	2008
Roger Schletzbaum	Board Member	2008
<u>School Officials</u>		
David Isgrig	Superintendent	2009
Robert Friday	District Secretary/Treasurer	2007
Myers, Myers & Danks	Attorney	Indefinite
Dickinson, Mackaman, Tyler & Hagen, P.C.	Attorney	Indefinite

INDEPENDENT AUDITOR'S REPORT

To the Board of Education of
Pleasantville Community School District:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Pleasantville Community School District, Iowa, as of and for the year ended June 30, 2007, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Pleasantville Community School District at June 30, 2007, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated January 25, 2008 on our consideration of Pleasantville Community School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The budgetary comparison information on pages 40 through 41 is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The district has not presented management's discussion and analysis which introduces the basic financial statements by presenting certain financial information as well as management's analytical insights on that information that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Pleasantville Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the three years ended June 30, 2006 (none of which are presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 5 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Oskaloosa, Iowa
January 25, 2008

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Basic Financial Statements

PLEASANTVILLE COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET ASSETS

June 30, 2007

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and pooled investments	\$ 1,026,988	\$ 41,638	\$ 1,068,626
Receivables:			
Property tax:			
Current year	49,949	-	49,949
Succeeding year	1,841,000	-	1,841,000
Income surtax	207,900	-	207,900
Due from (to) other funds (note 3)	30,350	(30,350)	-
Accounts	21,343	-	21,343
Due from other governments	90,469	-	90,469
Inventories	-	2,901	2,901
Restricted ISCAP assets (note 5):			
Investments	1,872,289	-	1,872,289
Accrued interest receivable	17,665	-	17,665
Capital assets, net of accumulated depreciation (note 6)	4,954,679	8,743	4,963,422
Total assets	10,112,632	22,932	10,135,564
Liabilities			
Salaries and benefits payable	470,061	-	470,061
Accrued interest payable	29,300	-	29,300
ISCAP warrants payable (note 5)	1,876,000	-	1,876,000
ISCAP accrued interest payable (note 5)	14,168	-	14,168
ISCAP unamortized premium (note 5)	10,690	-	10,690
Deferred revenue:			
Succeeding year property tax	1,841,000	-	1,841,000
Other	-	7,202	7,202
Long-term liabilities (note 7):			
Portion due within one year:			
Early retirement	22,911	-	22,911
Notes payable	95,000	-	95,000
Bonds payable	310,000	-	310,000
Real estate contract	5,980	-	5,980
Portion due after one year:			
Early retirement	76,637	-	76,637
Notes payable	305,000	-	305,000
Bonds payable	1,460,000	-	1,460,000
Real estate contract	13,057	-	13,057
Total liabilities	6,529,804	7,202	6,537,006

PLEASANTVILLE COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET ASSETS

June 30, 2007

	Governmental Activities	Business-type Activities	Total
Net Assets			
Invested in capital assets, net of related debt	\$ 2,765,642	\$ 8,743	\$ 2,774,385
Restricted for:			
Management levy	36,571	-	36,571
Physical plant and equipment levy	19,955	-	19,955
Other special revenue purposes	35,914	-	35,914
Debt service	328,725	-	328,725
Capital projects	115,890	-	115,890
Unrestricted	280,131	6,987	287,118
Total net assets	\$ 3,582,828	\$ 15,730	\$ 3,598,558

See notes to financial statements.

PLEASANTVILLE COMMUNITY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

Year Ended June 30, 2007

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants, Contributions and Restricted Interest
Governmental Activities:			
Instruction:			
Regular instruction	\$ 2,451,448	\$ 418,148	\$ 170,583
Special instruction	947,643	89,296	80,168
Other instruction	831,954	314,733	49,906
	<u>4,231,045</u>	<u>822,177</u>	<u>300,657</u>
Support services:			
Student services	114,841	-	-
Instructional staff services	196,742	-	-
Administration services	582,226	-	-
Operation and maintenance of plant services	526,114	-	-
Transportation services	217,871	1,474	-
	<u>1,637,794</u>	<u>1,474</u>	<u>-</u>
Non-instructional programs	<u>13,324</u>	<u>-</u>	<u>-</u>
Other expenditures:			
Facilities acquisition	263,069	-	-
Long-term debt interest and fiscal charges	84,806	-	-
AEA flowthrough	205,440	-	205,440
Depreciation (unallocated) *	124,310	-	-
	<u>677,625</u>	<u>-</u>	<u>205,440</u>
Total governmental activities	<u>6,559,788</u>	<u>823,651</u>	<u>506,097</u>
Business-Type Activities:			
Non-instructional programs:			
Food service operations	<u>300,057</u>	<u>167,599</u>	<u>130,553</u>
Total	<u>\$ 6,859,845</u>	<u>\$ 991,250</u>	<u>\$ 636,650</u>

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business-Type Activities	Total
\$ (1,862,717)	\$ -	\$ (1,862,717)
(778,179)	-	(778,179)
(467,315)	-	(467,315)
(3,108,211)	-	(3,108,211)
(114,841)	-	(114,841)
(196,742)	-	(196,742)
(582,226)	-	(582,226)
(526,114)	-	(526,114)
(216,397)	-	(216,397)
(1,636,320)	-	(1,636,320)
(13,324)	-	(13,324)
(263,069)	-	(263,069)
(84,806)	-	(84,806)
-	-	-
(124,310)	-	(124,310)
(472,185)	-	(472,185)
(5,230,040)	-	(5,230,040)
-	(1,905)	(1,905)
(5,230,040)	(1,905)	(5,231,945)

PLEASANTVILLE COMMUNITY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

Year Ended June 30, 2007

Functions/Programs

General Revenues:

Property tax levied for:

General purposes

Debt service

Capital outlay

Income surtax

Local option sales and services tax

Unrestricted state grants

Unrestricted investment earnings

Other

Total general revenues

Change in net assets

Net assets beginning of year

Net assets end of year

* = This amount excludes the depreciation included
in the direct expenses of the various programs.

See notes to financial statements.

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business-Type Activities	Total
\$ 1,657,273	\$ -	\$ 1,657,273
175,484	-	175,484
174,889	-	174,889
220,484	-	220,484
385,030	-	385,030
2,875,157	-	2,875,157
19,207	-	19,207
52,829	-	52,829
5,560,353	-	5,560,353
330,313	(1,905)	328,408
3,252,515	17,635	3,270,150
<u>\$ 3,582,828</u>	<u>\$ 15,730</u>	<u>\$ 3,598,558</u>

PLEASANTVILLE COMMUNITY SCHOOL DISTRICT

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2007

	General	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Cash and pooled investments	\$ 462,814	\$ 353,631	\$ 210,543	\$ 1,026,988
Receivables:				
Property tax:				
Current year	38,689	4,394	6,866	49,949
Succeeding year	1,424,000	163,000	254,000	1,841,000
Income surtax	207,900	-	-	207,900
Interfund receivable (note 3)	30,350	-	-	30,350
Accounts	21,343	-	-	21,343
Due from other governments	-	-	90,469	90,469
Restricted ISCAP assets (note 5):				
Investments	1,872,289	-	-	1,872,289
Accrued interest receivable	17,665	-	-	17,665
Total assets	<u>\$ 4,075,050</u>	<u>\$ 521,025</u>	<u>\$ 561,878</u>	<u>\$ 5,157,953</u>

PLEASANTVILLE COMMUNITY SCHOOL DISTRICT

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2007

	General	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
Liabilities and Fund Balances				
Liabilities:				
Salaries and benefits payable	\$ 470,061	\$ -	\$ -	\$ 470,061
ISCAP warrants payable (note 5)	1,876,000	-	-	1,876,000
ISCAP accrued interest payable (note 5)	14,168	-	-	14,168
ISCAP unamortized premium (note 5)	10,690	-	-	10,690
Deferred revenue:				
Succeeding year property tax	1,424,000	163,000	254,000	1,841,000
Other	207,900	-	-	207,900
Total liabilities	<u>4,002,819</u>	<u>163,000</u>	<u>254,000</u>	<u>4,419,819</u>
Fund balance:				
Reserved for:				
Debt service	-	358,025	-	358,025
State grants	4,940	-	-	4,940
Unreserved:				
Reported in nonmajor Special Revenue Funds	-	-	191,988	191,988
Undesignated	67,291	-	115,890	183,181
Total fund balances	<u>72,231</u>	<u>358,025</u>	<u>307,878</u>	<u>738,134</u>
Total liabilities and fund balances	<u>\$ 4,075,050</u>	<u>\$ 521,025</u>	<u>\$ 561,878</u>	<u>\$ 5,157,953</u>

See notes to financial statements.

PLEASANTVILLE COMMUNITY SCHOOL DISTRICT
 RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS
 TO THE STATEMENT OF NET ASSETS
 June 30, 2007

Total fund balances of governmental funds	\$ 738,134
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.	4,954,679
Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the governmental funds.	207,900
Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.	(29,300)
Long-term liabilities, including bonds payable and compensated absences, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.	<u>(2,288,585)</u>
Net assets of governmental activities	<u>\$ 3,582,828</u>
See notes to financial statements.	

PLEASANTVILLE COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2007

	General	Debt Service	Nonmajor Governmental Funds	Total
Revenues:				
Local sources:				
Local tax	\$ 1,786,612	\$ 175,484	\$ 659,743	\$ 2,621,839
Tuition	254,641	-	-	254,641
Other	156,659	-	339,573	496,232
State sources	3,409,873	-	-	3,409,873
Federal sources	115,904	-	-	115,904
Total revenues	<u>5,723,689</u>	<u>175,484</u>	<u>999,316</u>	<u>6,898,489</u>
Expenditures:				
Current:				
Instruction	3,817,381	-	326,033	4,143,414
Support services:				
Student services	114,841	-	35,855	150,696
Instructional staff services	160,887	-	-	160,887
Administration services	576,138	-	-	576,138
Operation and maintenance of plant services	450,816	-	69,813	520,629
Transportation services	187,830	-	-	187,830
	<u>1,490,512</u>	<u>-</u>	<u>105,668</u>	<u>1,596,180</u>
Non-instructional programs	13,324	-	-	13,324
Other expenditures:				
Facilities acquisition	-	-	292,533	292,533
Long term debt:				
Principal	-	390,000	-	390,000
Interest and fiscal charges	-	94,003	-	94,003
AEA flowthrough	205,440	-	-	205,440
	<u>205,440</u>	<u>484,003</u>	<u>292,533</u>	<u>981,976</u>
Total expenditures	<u>5,526,657</u>	<u>484,003</u>	<u>724,234</u>	<u>6,734,894</u>
Excess (deficiency) of revenues over (under) expenditures	<u>197,032</u>	<u>(308,519)</u>	<u>275,082</u>	<u>163,595</u>

PLEASANTVILLE COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2007

	General	Debt Service	Nonmajor Governmental Funds	Total
Other financing sources (uses):				
Sale of equipment	\$ 290	\$ -	\$ -	\$ 290
Interfund transfers in (note 4)	-	317,820	9,557	327,377
Interfund transfers out (note 4)	-	(9,557)	(317,820)	(327,377)
Total other financing sources (uses)	<u>290</u>	<u>308,263</u>	<u>(308,263)</u>	<u>290</u>
Net change in fund balances	197,322	(256)	(33,181)	163,885
Fund balances beginning of year	<u>(125,091)</u>	<u>358,281</u>	<u>341,059</u>	<u>574,249</u>
Fund balances end of year	<u>\$ 72,231</u>	<u>\$ 358,025</u>	<u>\$ 307,878</u>	<u>\$ 738,134</u>

See notes to financial statements.

PLEASANTVILLE COMMUNITY SCHOOL DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES – GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2007

Net change in fund balances - total governmental funds \$ 163,885

Amounts reported for governmental activities in the Statement of Activities
are different because:

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are reported in the Statement of Net Assets and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. The amounts of capital outlays and depreciation expense in the year are as follows:

Expenditures for capital assets	\$ 29,464	
Depreciation expense	<u>(190,823)</u>	(161,359)

Income surtax revenue not received until several months after the District's fiscal year ends is not considered available revenue in the governmental funds and is deferred. It is, however, recorded as revenue in the Statement of Activities. (8,678)

Repayment of long-term liabilities is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Assets. 395,641

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. 3,556

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. (62,732)

Change in net assets of governmental activities \$ 330,313

See notes to financial statements.

PLEASANTVILLE COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET ASSETS

PROPRIETARY FUND

June 30, 2007

	<u>School Nutrition</u>
Assets	
Cash and cash equivalents	\$ 41,638
Accounts receivable	
Inventories	2,901
Capital assets, net of accumulated depreciation	<u>8,743</u>
Total assets	<u>53,282</u>
Liabilities	
Due to other funds	30,350
Deferred revenue:	
Other	<u>7,202</u>
Total liabilities	<u>37,552</u>
Net Assets	
Invested in capital assets	8,743
Unrestricted	<u>6,987</u>
Total net assets	<u>\$ 15,730</u>

See notes to financial statements.

PLEASANTVILLE COMMUNITY SCHOOL DISTRICT
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
 PROPRIETARY FUND
 Year Ended June 30, 2007

	<u>School Nutrition</u>
Operating revenues:	
Local sources:	
Charges for services	\$ <u>167,599</u>
Operating expenses:	
Non-instructional programs:	
Food service operations:	
Salaries	86,936
Benefits	14,080
Purchased services	556
Supplies	<u>198,485</u>
	<u>300,057</u>
Operating loss	<u>(132,458)</u>
Non-operating revenues:	
State sources	3,885
Federal sources	<u>126,668</u>
Total non-operating revenues	<u>130,553</u>
Change in net assets	(1,905)
Net assets beginning of year	<u>17,635</u>
Net assets end of year	\$ <u><u>15,730</u></u>

See notes to financial statements.

PLEASANTVILLE COMMUNITY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS
PROPRIETARY FUND
Year Ended June 30, 2007

	<u>School Nutrition</u>
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 160,951
Cash received from miscellaneous operating activities	7,421
Cash payments to employees for services	(101,016)
Cash payments to suppliers for goods or services	<u>(184,254)</u>
Net cash used by operating activities	<u>(116,898)</u>
Cash flows from non-capital financing activities:	
State grants received	3,885
Federal grants received	<u>111,881</u>
Net cash provided by non-capital financing activities	<u>115,766</u>
Net increase in cash and cash equivalents	(1,132)
Cash and cash equivalents beginning of year	<u>12,420</u>
Cash and cash equivalents end of year	<u>\$ 11,288</u>
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	\$ (132,458)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Commodities used	14,787
Increase in deferred revenues	<u>773</u>
Net cash used by operating activities	<u>\$ (116,898)</u>
Non-cash investing, capital and financing activities:	
During the year ended June 30, 2007, the District received \$14,787 of federal commodities.	

See notes to financial statements.

PLEASANTVILLE COMMUNITY SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 June 30, 2007

	Private Purpose Trust
	<u>Scholarship</u>
Assets:	
Cash and pooled investments	\$ <u>283,137</u>
Liabilities:	
None	<u>-</u>
Net assets:	
Reserved for scholarships	\$ <u><u>283,137</u></u>
See notes to financial statements.	

PLEASANTVILLE COMMUNITY SCHOOL DISTRICT
 STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 Year Ended June 30, 2007

	Private Purpose Trust
	<u>Scholarship</u>
Additions:	
Local sources:	
Interest	\$ <u>4,000</u>
Deductions:	
None	<u>-</u>
Change in net assets	4,000
Net assets beginning of year	<u>279,137</u>
Net assets end of year	\$ <u><u>283,137</u></u>
See notes to financial statements.	

PLEASANTVILLE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2007

Note 1. Summary of Significant Accounting Policies

Pleasantville Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve and special education pre-kindergarten. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as vocational and recreational courses. The geographic area served includes the City of Pleasantville, Iowa, and agricultural territory in Marion and Warren Counties. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

The District's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Pleasantville Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on, the District. Pleasantville Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations – The District participates in a jointly governed organization that provides services to the District but does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Marion County Assessor's Conference Board.

B. Basis of Presentation

District-wide Financial Statements – The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for service.

The Statement of Net Assets presents the District's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt attributable to the acquisition, construction, or improvement of those assets.

Restricted net assets result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

PLEASANTVILLE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2007

Note 1. Summary of Significant Accounting Policies (continued)

B. Basis of Presentation (continued)

Unrestricted net assets consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements – Separate financial statements are provided for governmental, proprietary, and fiduciary funds, even though the latter are excluded from the District-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other nonmajor governmental funds.

The District reports the following major governmental funds:

The General Fund is the general operating fund of the District. All general tax revenues and other revenues that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, including instructional, support and other costs.

The Debt Service Fund is used to account for the payment of interest and principal on the District's general long-term debt.

The District reports the nonmajor proprietary fund, Enterprise, School Nutrition Fund, used to account for the food service operations of the District.

The District also reports fiduciary funds which focus on net assets and changes in net assets. The District's fiduciary funds include the following:

The Private Purpose Trust Fund is used to account for assets held by the District under trust agreements with restrictions of income earned to be used to benefit individuals through scholarship awards.

The Agency Fund is used to account for assets held by the District as an agent for individuals, private organizations and other governments. The Agency Fund is custodial in nature, assets equal liabilities, and does not involve measurement of results of operations.

PLEASANTVILLE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2007

Note 1. Summary of Significant Accounting Policies (continued)

C. Measurement Focus and Basis of Accounting

The District-wide financial statements and the proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

All proprietary funds of the District apply all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's enterprise fund is charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The District maintains its financial records on the cash basis. The financial statements of the District are prepared by making memorandum adjusting entries to the cash basis financial records.

PLEASANTVILLE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2007

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the financial statements:

Cash, Pooled Investments and Cash Equivalents – The cash balances of most District funds are pooled and invested. Investments are stated at fair value except for the investment in the Iowa Schools Joint Investment Trust, which is valued at amortized cost, and non-negotiable certificates of deposit, which are stated at cost.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash, and, at the day of purchase, have a maturity date no longer than three months.

Property Tax Receivable – Property tax in Governmental Funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the Board of Education. Current year property tax receivable represents unpaid taxes from the current year. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the District-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

The property tax revenue recognized in these funds becomes due and collectible in September and March of the fiscal year with a 1 ½% per month penalty for delinquent payments; is based on January 1, 2005 assessed property valuations; is for the tax accrual period July 1, 2006 through June 30, 2007 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2006.

Due From and Due to Other Funds – During the course of its operations, the District has numerous transactions between funds. Balances of interfund amounts receivable or payable have been recorded in the fund financial statements to the extent that certain transactions between funds had not been paid or received as of June 30, 2007.

Due From Other Governments – Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories – Inventories are valued at cost using the first-in, first-out method for purchased items and government commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

PLEASANTVILLE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2007

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Fund Equity (continued)

Capital Assets – Capital assets, which include property, furniture, and equipment, are reported in the applicable governmental or business-type activities columns in the District-wide Statement of Net Assets. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Land	\$ 1,500
Buildings	1,500
Improvements other than buildings	1,500
Furniture and equipment:	
School Nutrition Fund Equipment	500
Other furniture and equipment	1,500

Capital assets are depreciated using the straight line method of depreciation over the following estimated useful lives:

Asset Class	Estimated Useful Lives
Buildings	50 years
Improvements other than buildings	20-50 years
Furniture and equipment	5-15 years

Salaries and Benefits Payable – Payroll and related expenses for teachers with annual contracts corresponding to the current school year, which are payable in July and August, have been accrued as liabilities.

Deferred Revenue – Although certain revenues are measurable, they are not available. Available means collectible within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds, the succeeding year property tax receivable and other receivables not collected within sixty days after year end.

Deferred revenue in the Statement of Net Assets consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied and unearned meal revenues.

PLEASANTVILLE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2007

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Fund Equity (continued)

Compensated Absences – District employees accumulate a limited amount of earned but unused vacation and sick leave. The District's policy is not to reimburse employees for sick leave or vacation. Vacation can only be used by the employee in the year it is earned. The District has no compensated absences liability at June 30, 2007.

Long-term Liabilities – In the District-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the Statement of Net Assets.

Fund Balances – In the governmental fund financial statements, reservations of fund balance are reported for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

Invested in capital assets, net of related debt – In the District-wide Statement of Net Assets, the net asset balance invested in capital assets, net of related debt is equal to the capital assets balances, including restricted capital assets, less accumulated depreciation and the outstanding balances of any bonds, notes, or other debt that are attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Assets – In the District-wide Statement of Net Assets, net assets are reported as restricted when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

E. Budgets and Budgetary Control

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2007, expenditures did not exceed the amounts budgeted in any functional area.

Note 2. Cash and Pooled Investments

The District's deposits in banks at June 30, 2007 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

PLEASANTVILLE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2007

Note 2. Cash and Pooled Investments (continued)

At June 30, 2007, the District had investments as follows:

	<u>Amortized Cost</u>
Money Market Mutual Funds	\$ 362,788
U.S. government bonds	<u>185,507</u>
	<u>\$ 548,295</u>

The investments in money market mutual funds and U.S. government bonds are valued at fair value.

Credit Risk – The investment in the U.S. Government bonds is not subject to risk categorization. The investment in the money market mutual fund is rated Aaa by Moody's Investors Service.

Note 3. Interfund Receivables/Payables

The detail of interfund receivables and payables at June 30, 2007 is as follows:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General Fund	Enterprise, School Nutrition Fund	\$ <u>30,350</u>

These amounts represent the salaries and benefits for the School Nutrition Fund originally paid by the General Fund and not yet reimbursed by June 30, 2007.

Note 4. Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2007 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Debt Service	Capital Projects	\$ 212,060
	Special Revenue:	
	Physical Plant and Equipment Levy	105,760
Special Revenue		
Physical Plant and Equipment Levy	Debt Service	<u>9,557</u>
Total		<u>\$ 327,377</u>

Transfers generally move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

PLEASANTVILLE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2007

Note 5. Iowa Schools Cash Anticipation Program (ISCAP)

The District participates in the Iowa Schools Cash Anticipation Program (ISCAP). ISCAP is a program of the Iowa Association of School Boards and is designed to provide funds to participating entities during periods of cash deficits. ISCAP is funded by a semiannual issuance of anticipatory warrants, which mature as noted below. The warrant sizing of each school corporation is based on a projection of cash flow needs during the semiannual period. ISCAP accounts are maintained for each participating entity and monthly statements are provided regarding their cash balance, interest earnings, and amounts available for withdrawal for each outstanding series of warrants. These accounts are reflected as restricted assets on the balance sheet. Bankers Trust Co. N.A. is the trustee for the program. A summary of the District's participation in ISCAP as of June 30, 2007 is as follows:

Series	Warrant Date	Final Warrant Maturity	Investments	Accrued Interest Receivable	Warrants Payable	Accrued Interest Payable	Unamortized Premium
2006-07B	1/26/2007	1/25/2008	\$ 768,037	\$ 17,335	\$ 770,000	\$ 13,896	\$ 2,483
2007-08A	6/27/2007	6/27/2008	1,104,252	330	1,106,000	272	8,207
Total			<u>\$ 1,872,289</u>	<u>\$ 17,665</u>	<u>\$ 1,876,000</u>	<u>\$ 14,168</u>	<u>\$ 10,690</u>

The District pledges its state foundation aid payments and General Fund receipts as security for warrants issued. Repayments must be made when General Fund receipts are received. If a balance is outstanding on the last date the funds are available to be drawn, then the District must repay the outstanding withdrawal from its General Fund receipts. In addition, the District must make minimum warrant repayments on the 25th of each month immediately following the final date that the warrant proceeds may be used in an amount equal to 25% of the warrant amount. ISCAP advance activity in the General Fund for the year ended June 30, 2007 is as follows:

Series	Balance Beginning of Year	Advances Received	Advances Repaid	Balance End of Year
2006-07A	\$ -	\$ 800,000	\$ 800,000	\$ -

The warrants bear interest and the available proceeds of the warrants are invested at the interest rates shown below:

Series	Interest Rates on Warrants	Interest Rates on Investments
2006-07A	4.50%	5.676%
2006-07B	4.25%	5.315%
2007-08A	4.50%	5.455%

PLEASANTVILLE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2007

Note 6. Capital Assets

Capital assets activity for the year ended June 30, 2007 is as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 64,500	\$ -	\$ -	\$ 64,500
Capital assets being depreciated:				
Buildings	6,343,070	-	-	6,343,070
Improvements other than buildings	274,523	-	-	274,523
Furniture and equipment	1,512,507	29,464	-	1,541,971
Total capital assets being depreciated	8,130,100	29,464	-	8,159,564
Less accumulated depreciation for:				
Buildings	1,619,451	124,266	-	1,743,717
Improvements other than buildings	262,389	1,052	-	263,441
Furniture and equipment	1,196,722	65,505	-	1,262,227
Total accumulated depreciation	3,078,562	190,823	-	3,269,385
Total capital assets being depreciated, net	5,051,538	(161,359)	-	4,890,179
Governmental activities capital assets, net	\$ 5,116,038	\$ (161,359)	\$ -	\$ 4,954,679

PLEASANTVILLE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2007

Note 6. Capital Assets (continued)

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Business-type activities:				
Furniture and equipment	\$ 26,064	\$ -	\$ -	\$ 26,064
Less accumulated depreciation	17,321	-	-	17,321
Business-type activities capital assets, net	<u>\$ 8,743</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,743</u>

Depreciation expense was charged by the District to the following functions:

Governmental activities:	
Instruction	\$ 24,914
Support services:	
Administration	6,073
Operation and maintenance of plant services	5,486
Transportation	30,040
	<u>66,513</u>
Unallocated depreciation	<u>124,310</u>
Total governmental activities depreciation expense	<u>\$ 190,823</u>

Note 7. Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2007 is as follows:

	Early Retirement	Capital Loan Note	General Obligation Bonds	Local Option Sales and Services Tax Revenue Bonds	Real Estate Contract	Total
Balance beginning of year	\$ 36,816	\$ 490,000	\$ 575,000	\$ 1,495,000	\$ 24,678	\$ 2,621,494
Additions	86,357	-	-	-	-	86,357
Reductions	23,625	90,000	150,000	150,000	5,641	419,266
Balance end of year	<u>\$ 99,548</u>	<u>\$ 400,000</u>	<u>\$ 425,000</u>	<u>\$ 1,345,000</u>	<u>\$ 19,037</u>	<u>\$ 2,288,585</u>
Due within one year	<u>\$ 22,911</u>	<u>\$ 95,000</u>	<u>\$ 160,000</u>	<u>\$ 150,000</u>	<u>\$ 5,980</u>	<u>\$ 433,891</u>

PLEASANTVILLE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2007

Note 7. Long-Term Liabilities (continued)

Early Retirement

The District offers a voluntary early retirement plan to all employees. Eligible employees must be at least age fifty-five and employees must have completed fifteen years of full-time service to the District. Employees must complete an application which is required to be approved by the Board of Education.

The early retirement incentive for each eligible employee is equal to 43% of the employee's current salary, less any other additional pay or supplemental pay. The retired employee may also continue participation in the District's health insurance group at the employee's own expense.

At June 30, 2007, the District had obligations to six participants with a total liability of \$99,548. Actual early retirement expenditures for the year ended June 30, 2007 totaled \$23,625. Early retirement is recorded as a long-term liability of the Governmental Activities in the District-wide financial statements.

Capital Loan Notes

Details of the District's June 30, 2007 general obligation capital loan notes is as follows:

Year Ending June 30,	Interest Rates	Principal	Interest
2008	2.95 %	\$ 95,000	\$ 12,925
2009	3.20	100,000	10,122
2010	3.30	100,000	6,923
2011	3.45	105,000	3,622
		<u>\$ 400,000</u>	<u>\$ 33,592</u>

General Obligation Bonds

Details of the District's June 30, 2007 general obligation bonded indebtedness are as follows:

Year Ending June 30,	Interest Rates	Principal	Interest
2008	4.40 %	\$ 160,000	\$ 18,965
2009	4.50	165,000	11,925
2010	4.50	100,000	4,500
		<u>\$ 425,000</u>	<u>\$ 35,390</u>

PLEASANTVILLE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2007

Note 7. Long-Term Liabilities (continued)

Local Option Sales and Services Tax Revenue Bonds

Details of the District's June 30, 2007 local option sales and services tax revenue bonds are as follows:

Year Ending June 30,	Interest Rates	Principal	Interest
2008	3.75 %	\$ 150,000	\$ 48,190
2009	3.75	155,000	42,471
2010	3.75	160,000	36,565
2011	3.75	165,000	30,471
2012	3.75	170,000	24,190
2013	3.75	175,000	17,722
2014	3.80	180,000	11,020
2015	4.00	190,000	3,800
		<u>\$ 1,345,000</u>	<u>\$ 214,429</u>

The local option sales and services tax revenue bonds were issued for the purpose of defraying a portion of the cost of school infrastructure. The bonds are payable solely from the proceeds of the local option sales and services tax revenues received by the District. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limitation of the District.

The resolutions providing for the issuance of the local option sales and services tax revenue bonds and school infrastructure local option sales and services tax revenue bonds include the following provisions:

- \$149,500 of the proceeds from the issuance of the revenue bonds shall be deposited to the Reserve Account to be used solely for the purpose of paying principal and interest on the bonds if insufficient money is available in the Sinking Account. The balance of the proceeds shall be deposited in the Project Account.
- Sufficient monthly deposits amounting to one sixth of the next principal and interest payments shall be made to the Local Option Sales and Services Tax Revenue Bond and Interest Revenue Fund for the purpose of making the bond principal and interest payments when due.
- Monies in the Revenue Fund shall be disbursed to make deposits into a Sinking Fund to pay the principal and interest requirements of the revenue bonds for the fiscal year.
- A separate bond reserve fund will be maintained in the amount of \$149,500 to be used solely for the purpose of paying principal and interest in the event the revenue fund does not have sufficient funds for that purpose. This fund is called the Local Option Sales and Services Tax Revenue Fund.

PLEASANTVILLE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2007

Note 7. Long-Term Liabilities (continued)

Real Estate Contract

Details of the District's June 30, 2007 real estate contract obligations are as follows:

Year Ending June 30,	Principal	Interest	Total
2008	\$ 5,980	\$ 1,142	\$ 7,122
2009	6,339	783	7,122
2010	6,718	404	7,122
	<u>\$ 19,037</u>	<u>\$ 2,329</u>	<u>\$ 21,366</u>

Note 8. Pension and Retirement Benefits

The District contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa 50306-9117.

Plan members are required to contribute 3.70% of their annual covered salary and the District is required to contribute 5.75% of annual covered payroll for the years ended June 30, 2007, 2006, and 2005.

Contribution requirements are established by State statute. The District's contributions to IPERS for the years ended June 30, 2007, 2006, and 2005 were \$204,990, \$189,413, and \$177,919, respectively, equal to the required contributions for each year.

Note 9. Risk Management

Pleasantville Community School District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note 10. Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$205,440 for the year ended June 30, 2007 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

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Required Supplementary Information

PLEASANTVILLE COMMUNITY SCHOOL DISTRICT

Budgetary Comparison Schedule of Revenues, Expenditures and Changes in Balances –
Budget and Actual – All Governmental Funds
and Proprietary Fund
Required Supplementary Information
Year Ended June 30, 2007

	Governmental Funds - Actual	Proprietary Fund - Actual	Total Actual	Budgeted Amounts		Final to Actual Variance
				Original	Final	
REVENUES:						
Local sources	\$ 3,372,712	\$ 167,599	\$ 3,540,311	\$ 3,441,286	\$ 3,441,286	\$ 99,025
State sources	3,409,873	3,885	3,413,758	3,434,414	3,434,414	(20,656)
Federal sources	115,904	126,668	242,572	257,000	257,000	(14,428)
Total revenues	6,898,489	298,152	7,196,641	7,132,700	7,132,700	63,941
EXPENDITURES:						
Instruction	4,143,414	-	4,143,414	4,087,009	4,287,009	143,595
Support services	1,596,180		1,596,180	1,865,000	1,865,000	268,820
Non-instructional programs	13,324	300,057	313,381	448,885	448,885	135,504
Other expenditures	981,976	-	981,976	1,047,320	1,047,320	65,344
Total expenditures	6,734,894	300,057	7,034,951	7,448,214	7,648,214	613,263
Excess (deficiency) of revenues over (under) expenditures	163,595	(1,905)	161,690	(315,514)	(515,514)	677,204
Other financing sources, net	290	-	290	500	500	(210)
Excess (deficiency) of revenues and other financing sources over (under) expenditures	163,885	(1,905)	161,980	(315,014)	(515,014)	676,994
Balance beginning of year	574,249	17,635	591,884	954,502	954,502	(362,618)
Balance end of year	\$ 738,134	\$ 15,730	\$ 753,864	\$ 639,488	\$ 439,488	\$ 314,376

See accompanying independent auditor's report.

PLEASANTVILLE COMMUNITY SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY REPORTING

June 30, 2007

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except internal service, private-purpose trust and agency funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on the accrual basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund or fund type. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated function level, not by fund. The Code of Iowa also provides that District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District adopted one budget amendment increasing budgeted expenditures by \$200,000.

During the year ended June 30, 2007, expenditures did not exceed the amounts budgeted in any functional area.

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Other Supplementary Information

PLEASANTVILLE COMMUNITY SCHOOL DISTRICT

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2007

	Special Revenue				Total
	Management Levy	Student Activity	Physical Plant and Equipment Levy	Capital Projects	
Assets					
Cash and pooled investments	\$ 133,632	\$ 35,914	\$ 15,576	\$ 25,421	\$ 210,543
Receivables:					
Property tax:					
Current year	2,487	-	4,379	-	6,866
Succeeding year	95,000	-	159,000	-	254,000
Due from other governments	-	-	-	90,469	90,469
Total assets	<u>\$ 231,119</u>	<u>\$ 35,914</u>	<u>\$ 178,955</u>	<u>\$ 115,890</u>	<u>\$ 561,878</u>
Liabilities and Fund Equity					
Liabilities:					
Deferred revenue:					
Succeeding year property tax	\$ 95,000	\$ -	\$ 159,000	\$ -	\$ 254,000
Fund equity:					
Fund balances:					
Unreserved:					
Undesignated	136,119	35,914	19,955	115,890	307,878
Total liabilities and fund equity	<u>\$ 231,119</u>	<u>\$ 35,914</u>	<u>\$ 178,955</u>	<u>\$ 115,890</u>	<u>\$ 561,878</u>

See accompanying independent auditor's report.

PLEASANTVILLE COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 Year Ended June 30, 2007

	Special Revenue				
	Management Levy	Student Activity	Physical Plant and Equipment Levy	Capital Projects	Total
Revenues:					
Local sources:					
Local tax	\$ 99,823	\$ -	\$ 174,890	\$ 385,030	\$ 659,743
Other	6,469	315,232	17,872	-	339,573
Total revenues	<u>106,292</u>	<u>315,232</u>	<u>192,762</u>	<u>385,030</u>	<u>999,316</u>
Expenditures:					
Current:					
Instruction	25,025	301,008	-	-	326,033
Support services:					
Student services	-	-	-	35,855	35,855
Operation and maintenance of plant services	69,813	-	-	-	69,813
Other expenditures:					
Facilities acquisition	-	-	115,253	177,280	292,533
Total expenditures	<u>94,838</u>	<u>301,008</u>	<u>115,253</u>	<u>213,135</u>	<u>724,234</u>
Excess (deficiency) of revenues over (under) expenditures	11,454	14,224	77,509	171,895	275,082
Other financing sources (uses):					
Interfund transfers in	-	-	9,557	-	9,557
Interfund transfers out	-	-	(105,760)	(212,060)	(317,820)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(96,203)</u>	<u>(212,060)</u>	<u>(308,263)</u>
Net change in fund balances	11,454	14,224	(18,694)	(40,165)	(33,181)
Fund balances beginning of year	<u>124,665</u>	<u>21,690</u>	<u>38,649</u>	<u>156,055</u>	<u>341,059</u>
Fund balances end of year	<u>\$ 136,119</u>	<u>\$ 35,914</u>	<u>\$ 19,955</u>	<u>\$ 115,890</u>	<u>\$ 307,878</u>

See accompanying independent auditor's report.

PLEASANTVILLE COMMUNITY SCHOOL DISTRICT

SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
Year Ended June 30, 2007

Account	Balance Beginning of Year	Revenues	Expenditures	Balance End of Year
Elementary Book Fair	\$ 1,977	\$ 9,880	\$ 8,502	\$ 3,355
Elementary Fundraiser	18,610	12,276	13,928	16,958
Special Trips	7,237	2,497	1,381	8,353
Library Club	371	1,790	2,168	(7)
Industrial Arts club	(6,270)	216	1,221	(7,275)
Vocal	1,380	18,155	20,038	(503)
Elementary Band	(3,689)	2,993	1,640	(2,336)
Athletic Resale	(3,287)	-	-	(3,287)
Vocational Agriculture Club	(7,815)	3,264	4,236	(8,787)
HS Band	(2,058)	3,462	2,908	(1,504)
Drill Team	(2,735)	698	1,282	(3,319)
Athletics - Summer Program	(327)	-	-	(327)
Athletics - Summer Program	(17,433)	101,585	97,480	(13,328)
Activity Concessions	11,846	16,160	19,210	8,796
North	1,753	2,250	2,633	1,370
High School Lounge	(764)	971	1,443	(1,236)
Yearbook	(43,107)	8,905	839	(35,041)
Clubs:				
E. Student Council	314	-	-	314
JH Student Council	2,077	2,028	1,997	2,108
Student Council	1,302	3,885	4,591	596
Future Farmers of America	1,431	30,545	30,144	1,832
National Honor Society	126	-	162	(36)
Future Business Leaders	465	-	55	410
Cheerleaders	(2,528)	2,779	1,618	(1,367)
Spanish	3,208	2,938	2,725	3,421
Science	22	-	42	(20)
Rifle Club	(268)	160	359	(467)
Student Activities:				
Postage	91	-	-	91
Class of:				
2000	398	-	-	398
2001	181	-	-	181
2002	494	-	-	494
2003	8	-	-	8
2004	432	-	-	432
2005	421	-	-	421
2006	900	-	-	900
2007	(177)	2,652	2,615	(140)
2008	714	2,660	2,852	522
2009	-	226	-	226

PLEASANTVILLE COMMUNITY SCHOOL DISTRICT

SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
Year Ended June 30, 2007

Account	Balance Beginning of Year	Revenues	Expenditures	Balance End of Year
D.C. Trip	\$ 29,079	\$ 58,358	\$ 53,596	\$ 33,841
TAG	1,015	-	-	1,015
Band/Vocal/Art Confederation	3	-	-	3
Home Ec	675	2,054	1,804	925
Art/Photo	2,208	1,278	-	3,486
Savings	9,161	499	-	9,660
Community Service	(1,693)	-	-	(1,693)
Plays	4,791	2,006	3,291	3,506
Social Studies	(210)	-	-	(210)
Community Resources	7,501	500	736	7,265
Student Council Resale - Trojan Track	3,705	10,674	10,783	3,596
High Fundraising	155	6,888	4,729	2,314
Total	\$ <u>21,690</u>	\$ <u>315,232</u>	\$ <u>301,008</u>	\$ <u>35,914</u>

See accompanying independent auditor's report.

PLEASANTVILLE COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
 AGENCY FUND
 Year Ended June 30, 2007

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
Assets				
Cash	\$ 92,104	\$ 84,099	\$ 176,203	\$ -
Liabilities				
Due to other governments	\$ 92,104	\$ 84,099	\$ 176,203	\$ -

See accompanying independent auditor's report.

PLEASANTVILLE COMMUNITY SCHOOL DISTRICT
SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION

ALL GOVERNMENTAL FUNDS
FOR THE LAST FOUR YEARS

	Modified Accrual Basis Years Ended June 30,			
	2007	2006	2005	2004
Revenues:				
Local sources:				
Local tax	\$ 2,621,839	\$ 2,364,972	\$ 2,261,154	\$ 1,889,789
Tuition	254,641	241,652	202,346	164,052
Other	496,232	477,451	461,408	327,636
State sources	3,409,873	2,952,470	2,878,737	2,918,647
Federal sources	115,904	117,402	141,269	160,112
Total revenues	<u>\$ 6,898,489</u>	<u>\$ 6,153,947</u>	<u>\$ 5,944,914</u>	<u>\$ 5,460,236</u>
Expenditures:				
Instruction	\$ 4,143,414	\$ 3,945,967	\$ 3,834,127	\$ 3,669,184
Support services:				
Student services	150,696	107,209	102,746	119,321
Instructional staff services	160,887	271,802	129,272	154,099
Administration services	576,138	563,512	524,227	459,203
Operation and maintenance of plant services	520,629	518,104	450,505	405,369
Transportation services	187,830	248,667	195,510	135,203
Central and other support services	-	-	-	12,055
Non-instructional programs	13,324	9,728	38,583	227
Other expenditures:				
Facilities acquisition	292,533	1,404,187	338,881	332,757
Long-term debt:				
Principal	390,000	240,000	225,000	220,000
Interest and fiscal charges	94,003	86,191	57,828	64,930
AEA flowthrough	205,440	183,683	183,306	186,651
Total expenditures	<u>\$ 6,734,894</u>	<u>\$ 7,579,050</u>	<u>\$ 6,079,985</u>	<u>\$ 5,758,999</u>

See accompanying independent auditor's report.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

To the Board of Education of
Pleasantville Community School District:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Pleasantville Community School District as of and for the year ended June 30, 2007, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated January 25, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Pleasantville Community School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Pleasantville Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Pleasantville Community School District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies and other deficiencies we consider to be material weaknesses.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Pleasantville Community School District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with accounting principles generally accepted in the United States of America such that there is more than a remote likelihood a misstatement of Pleasantville Community School District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control. We consider the deficiencies in internal control described in Part I of the accompanying Schedule of Findings to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by Pleasantville Community School District's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we believe item I-A-07 is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Pleasantville Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of noncompliance or other matters that are described in Part II of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about Pleasantville Community School District's operations for the year ended June 30, 2007 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Pleasantville Community School District's responses to findings identified in our audit are described in the accompanying Schedule of Findings. While we have expressed our conclusions on the District's responses, we did not audit Pleasantville Community School District's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Pleasantville Community School District and other parties to whom Pleasantville Community School District may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Pleasantville Community School District during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

Oskaloosa, Iowa
January 25, 2008

PLEASANTVILLE COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS

Year Ended June 30, 2007

Part I: Findings Related to the Basic Financial Statements:

Instances of Non-Compliance:

No matters were reported.

Significant Deficiencies:

- I-A-07 Segregation of Duties – One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. The cash receipts listing, bank deposits and the posting of the cash receipts to the cash receipts journal, check signing, payroll preparations, and bank reconciliations were all done by the same person.

Recommendation – We realize that with a limited number of office employees, segregation of duties is difficult. However, the District should review its control procedures to obtain the maximum internal control possible under the circumstances.

Response – We will consider this.

Conclusion – Response acknowledged. The District could segregate duties to the extent possible with existing personnel and utilize administrative personnel in various offices to provide additional control through review of financial transactions and reports.

- I-B-07 Financial Condition – The Special Revenue, Student Activity Fund had several individual accounts with deficit balances at June 30, 2007.

Recommendation – The District should continue to monitor the Student Activity accounts and investigate alternatives to eliminate the remaining deficits.

Response – We are working on these deficit balances. We are investigating different options to resolve the current financial difficulties.

Conclusion – Response accepted.

- I-C-07 Support Documentation – We noted three of fifteen receipts specifically tested in the General Fund which had no supporting documentation as to date received, dollar amount, and purpose, other than a bank deposit slip.

Recommendation – The District should require all receipts be properly supported as to when received, the dollar amount, and the purpose behind the receipt to protect the underlying asset and insure timely and accurate recording of revenues.

Response – We will consider this suggestion and will change our receipting procedures so that all support documentation is retained and documented.

Conclusion – Response accepted

PLEASANTVILLE COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS

Year Ended June 30, 2007

Part II: Findings Related to the Basic Financial Statements (continued):

Significant Deficiencies (continued):

I-D-07 Untimely Deposits – We noted two receipts that were not timely deposited by the District into the Nutrition Fund. The time elapsed between actual receipt and deposit was 28 days.

Recommendation – All receipts should be timely deposited within, at most, one week of the date of receipt. The District would therefore maximize interest earnings and better protect the underlying asset.

Response – This was a result of personnel changes at year end. We will examine the procedures we use for making deposits and we will make the necessary changes to insure timely deposits.

Conclusion – Response accepted.

I-E-07 Fundraiser Support – We noted that the District requires reconciliations to be completed for fundraising activities but does not enforce compliance by activity sponsors.

Recommendation – The District should require all sponsors or supervisors to complete a reconciliation of any fundraising activity. The reconciliation should match total sales to receipts and deposits, compare items purchased to items sold, and calculate the profit ratio for the activity. This requirement should be communicated to all sponsors and enforced to protect the underlying asset.

Response – We will require this reconciliation to be completed and reviewed in the future and will communicate the importance of this procedure to all sponsors.

Conclusion – Response accepted.

PLEASANTVILLE COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS

Year Ended June 30, 2007

Part II: Other Findings Related to Statutory Reporting:

- II-A-07 Certified Budget – Expenditures for the year ended June 30, 2007, did not exceed the amount budgeted in any functional area. However, the District has a negative spending authority balance as outlined in Chapter 257.7 of the Code of Iowa. The District has overspent this authority by approximately \$127,000.

Recommendation – The District should contact the School Business Review Committee within the Iowa Department of Education to resolve this situation.

Response – We have contacted the SBRC as required and have been awarded additional spending authority. We are continuing to make efforts to resolve this situation.

Conclusion – Response accepted.

- II-B-07 Questionable Expenditures – No expenditures were noted that we believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979.

- II-C-07 Travel Expense – No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.

- II-D-07 Business Transactions – No business transactions between the District and District officials or employees were noted.

- II-E-07 Bond Coverage – Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.

- II-F-07 Board Minutes – No transactions requiring Board approval which had not been approved by the Board were noted.

- II-G-07 Certified Enrollment – No variances in the basic enrollment data certified to the Department of Education were noted.

- II-H-07 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District’s investment policy were noted.

- II-I-07 Certified Annual Report – The Certified Annual Report was certified to the Iowa Department of Education timely and we noted no significant deficiencies in the amounts reported.

- II-J-07 Enterprise Fund, School Nutrition – The District accounts for the Enterprise Fund, School Nutrition with a manual Parrott register throughout the year and makes year end adjusting entries to the District’s software system to allow the District to upload the chart of accounts.

Recommendation – The School Nutrition Fund should be accounted for through the District’s software throughout the year to better enable tracking of revenues and costs and for added controls over transactions.

Response – We will consider this recommendation.

Conclusion – Response accepted.

PLEASANTVILLE COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS

Year Ended June 30, 2007

Part II: Other Findings Related to Statutory Reporting (continued):

II-K-07 Unallowable Transfer – We noted that a transfer of \$9,557 was made from the Debt Service Fund to the Special Revenue, Physical Plant and Equipment Levy Fund. Further investigation of this transfer disclosed that the funds should have gone to the Capital Projects Fund as a correction of an earlier transaction.

Recommendation – The District should correct this error by transferring the funds from the PPEL Fund to the Capital Projects Fund.

Response – We will make the necessary corrective transfer.

Conclusion – Response accepted.

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